

Health Insurance Marketplace in Wisconsin

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Development of Managed Care Plans In Wisconsin

- January 1, 1983
 - 11 HMOs provided care to approximately 150,000 Wisconsin residents
- January 1, 2001
 - 21 HMOs provided care to over 1.1 million Wisconsin residents or 29% of the state's population

Initiatives that contributed to growth in HMOs

- State employees incentive to select a lower priced plan
- Wisconsin Department of Health and Social Services began an HMO preferred enrollment initiative for AFDC recipients in Dane and Milwaukee Counties
- HMOs made Medicare supplement plans available to senior citizens

Consumer Protections

- Grievance Procedure
 - New protections in 1999
- Managed Care Specialist Position

Regulatory Environment

- Mandated Benefits
- Rate bands for small employers
- Portability
- Guarantee Issue


Skyrocketing health-care costs

- Prescription drug costs
- Advances in medical technology
- Increased demand for medical care
- Companies may have been keeping premiums down to gain marketshare
- Demand for more health care as population ages



Future Trends

- More cost-sharing for consumers



Health Insurance Premiums in Wisconsin

Premiums are based on the following assumptions:

- All employees work full-time, are employed by a class of business acceptable to the company and pass medical underwriting.
- The loss experience is normal (by the company's standards) for a group of that size.
- The policy is marketed through the company's standard distribution system.

- All employees work in Wisconsin for a Wisconsin corporation.
- The product is the only product offered to the group.
- The plan is fully insured by the company
- The deductible for the plan is \$250 and the copayment is 80/20 up to \$2,500.

Group 1 - Single Coverage

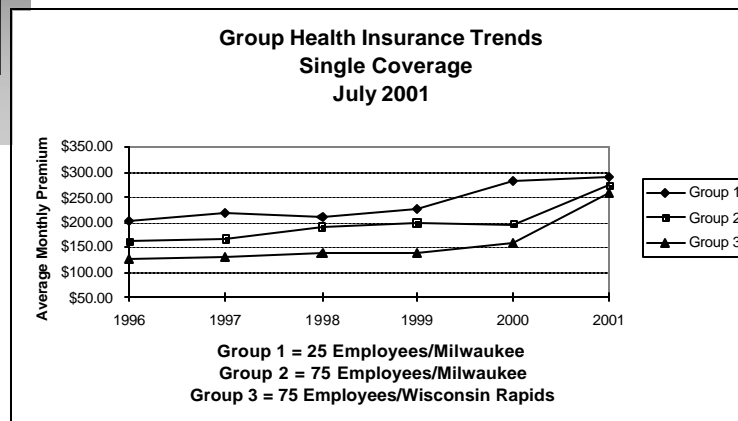
- 25 Employees
 - 17 Males
 - 8 Females
- Manufacturing Industry
- Address in downtown Milwaukee
- \$291.89 or 4.1% increase

Group 2 - Single Coverage

- 75 Employees
 - 52 Males
 - 23 Females
- Manufacturing Industry
- Address in downtown Milwaukee
- \$271.80 or 11.2% increase

Group 3 - Single Coverage

- 75 Employees
 - 52 Males
 - 23 Females
- Manufacturing Industry
- Address in downtown Wisconsin Rapids
- \$260.91 or 17.2% increase



Group 1- Family Coverage

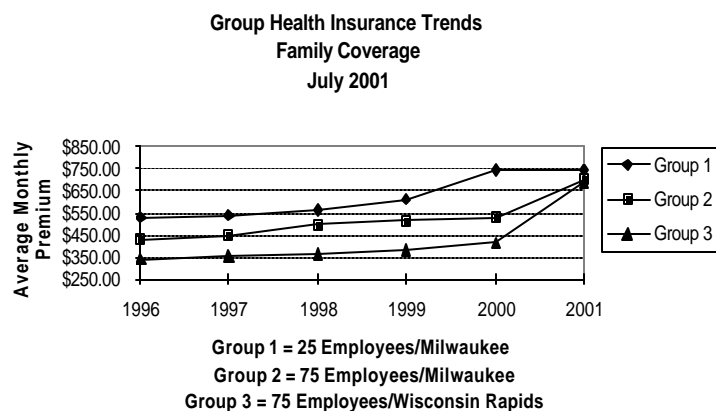
- 25 Employees
 - 17 Males
 - 8 Females
- Manufacturing Industry
- Address in downtown Milwaukee
- 747.07 or 0.4% increase

Group 2 - Family Coverage

- 75 Employees 52 Male
 - 52 Males
 - 23 Females
- Address in downtown Milwaukee
- \$702.16 or 6.2% increase

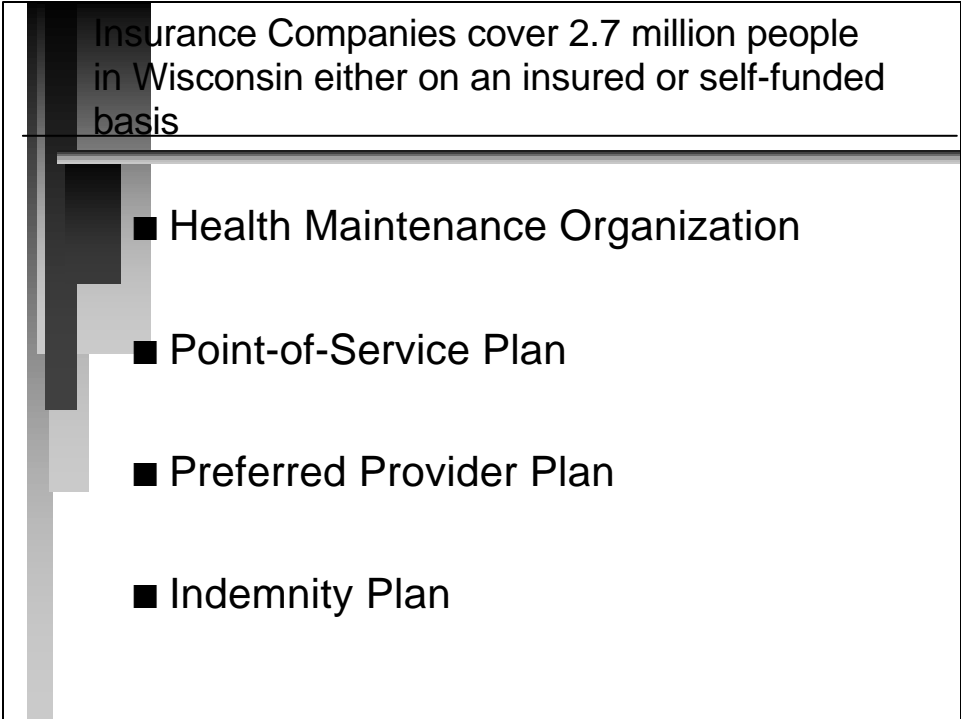
Group 3 - Family Coverage

- 75 Employees
 - 52 Males
 - 23 Females
- Manufacturing Industry
- Address in downtown Wisconsin Rapids
- \$684.16 or 16.3% increase





Health Insurance Coverage in Wisconsin



Insurance Companies cover 2.7 million people
in Wisconsin either on an insured or self-funded
basis

- Health Maintenance Organization
- Point-of-Service Plan
- Preferred Provider Plan
- Indemnity Plan

Insured Business - Group

- HMO Plans
 - 47.1%
- POS Plans
 - 20.3%
- PPP Plans
 - 22.2%
- Indemnity Plan
 - 10.4%

Insured Business - Individual

- HMO Plans
 - 18.2%
- POS Plans
 - 0%
- PPP Plans
 - 34.3%
- Indemnity Plan
 - 47.5%

ASO Business - Group

- HMO
 - 4.4%
- POS
 - 6.8%
- PPP
 - 35.2%
- Indemnity
 - 53.6%

ASO Business - Individual

- 0% for all categories

Summary

- Although the insurance regulatory model in Wisconsin fosters a competitive market, the regulatory framework for health insurance has become more prescriptive, especially in the area of group health insurance.
- Increasing health care costs and demand contribute to health insurance rate increases.

Summary

- Continued regulatory requirements will likely be placed on health insurance.
- Despite the above, Wisconsin has a healthy health insurance market.
- Wisconsin has one of the lowest uninsured rates in the country.